

ESCAP-UNCTAD Regional Workshop

“Financing a Green and Just Transition – with effective public development banks and development financial institutions.”

Tuesday 31 October 2023

12h00 – 16h30

Meeting room A - UN Conference Centre Bangkok, Thailand

Governments around the world are seeking to massively scale up financial resources to shift from high-carbon energy systems into renewables, in ways that are effective, just, and sustainable. The challenge is extreme because it goes beyond financing reform of energy alone; most countries’ industrial and agricultural structures of economic production, consumption and trade are deeply integrated into and dependent on high carbon intensity. The vision to change this is agreed in the Sustainable Development Goals and low or net-zero pledges; but finance to make the leap happen has largely not been realized, even after a decade. In those cases where finance is seemingly available, in practice it is difficult to access, and insufficient funds are going to where they are most needed.

This does not mean that countries can do nothing, however, and many countries have already done a lot. In Asia, as in other parts of the world, a great deal of attention is focusing on the potential for public development banks (PDBs) and Asian development finance institutions (DFIs) to catalyze the process of transition and transformation to a cleaner, greener and more equitably economy. What is different about Asia, compared to other regions, is that it houses a large and diverse landscape of Asian PDBs and DFIs, some of which are very well financed and many which have been aiming for green transformation for years already.

Regarding the Asian DFI landscape, Asia hosts a large number of diverse development finance institutions, some with a long history and many offering relevant experiences and lessons. This includes especially the new Southern-led and Southern-oriented banks that have been established at a phenomenal rate, in addition to long-standing ones that were significantly expanded. Southern development banks now lend as much in some cases as the Bretton Woods institutions, and under much more flexible conditions. The Asian Infrastructure Investment Bank and the “policy” banks of China are high profile examples, but others actively promoting green-oriented interventions include the Bank of Bangladesh and Bank of Korea which have used a variety of instruments including variable reserve ratios and interest rates, among others, to create and guide finance to greener uses. The regional development bank, the Asian Development Bank, also adopted a new operating model that is significantly climate aligned¹. At the same time however, development banks in Asia as elsewhere in the world are uneven in their coverage for developing countries (especially least developed countries and SIDS) and many gaps remain.

Another feature of the landscape is the emerging and potential use of sovereign wealth funds in Singapore and Malaysia, among others. SWFs offer tens of trillions of dollars of long-term

¹ ADB has also committed to the alignment of its sovereign and nonsovereign operations with the goals of the Paris Agreement with new sovereign operations 100% aligned by 1 July 2023, and new nonsovereign operations 85% aligned by 1 July 2023 and 100% by 1 July 2025. <https://www.adb.org/documents/organizational-review-adb-transformation-toward-strategy-2030>

development finance however in most cases, these funds are directed to much the same kinds of activities as finance in the north and not for uses that are particularly developmental let alone transformational. This is a wasted opportunity, especially in countries with a young population that could, with help from the right kind of policies, form the basis of a dynamic domestic economy.

Other kinds of opportunities are also not being picked up because DFIs are also for the most part constrained by limited capitalisation, low gearing ratios, and the continued requirement on the part of their government shareholders to achieve high credit ratings (often AAA). Improving information and understanding about these constraints and creating opportunities where financial institutions and governments could share their experiences, would help build consensus about their potential role and the best ways of supporting their endeavours. At present, information about these different institutions and how they work is surprisingly lacking, and the ESCAP/UNCTAD event could offer a timely moment to share experiences and learnings about this.

The need for strengthened PDBs, DFIs and potentially other public institutions such as SWFs is supported by still insufficient appetite for and issuance of green and sustainable market-based instruments in Asia. At one level it seems encouraging: bond issuances by China and Turkey during Coronavirus lockdown attracted significant demand showing that the private sector is looking for places to invest. Bhutan has experimented with sovereign bond offerings and other countries in the region may follow. ESCAP is also providing technical assistance to sovereigns such as Cambodia, Bhutan and Sri Lanka on the development of green bond frameworks based on their demand. Many countries in the region are experimenting with innovative new green finance institutions and instruments, as documented by both ESCAP and UNCTAD in flagship publications; the workshop would offer an opportunity to discuss these experiences with members states.

This panel highlights the different experiences of countries' efforts to mobilize finance for a just and sustainable transition and transformation through targeting and enabling effective PDBs, DFIs and SWFs. It shares examples where governments, public development banks Development Finance Institutions, Sovereign Wealth Funds and enterprises are trying to address the high social and economic costs of exiting from high-carbon activities; alongside mobilizing financing new opportunities for income-generating activities in low-carbon alternatives. In particular, the role of public banks and funds will be discussed as these are proving critical to mobilizing finance; whether acting directly with governments or in co-ordination with commercial and private sources of finance. The panel is extremely timely because the risks of doing too little too late are already evident; as the costs of continued exposure to fossil-fuel dependent systems rise, and changing environmental and trade regulations are adding policy pressure on top of evolving consumer tastes.

Provisional programme

Moderated discussion with audience Q&A (time permitting)

Time 12h00-13h00	Lunch
13h00-13h10	Opening Session <ul style="list-style-type: none"> • Mr. Hamza Malik, Director, Macroeconomic Policy and Financing for Development Division, ESCAP • Dr. Diana Barrowclough, Senior Economic Affairs Officer, Division on Globalization and Development Strategies, UNCTAD
13h10-14h40	Topic 1: Different experiences of mobilizing finance for a green and just transition <ul style="list-style-type: none"> • Ms. Visakha Amarasekere, Additional Director General, Capital Market, Investment and Sustainable Financing Division, General Treasury, Sri Lanka • Mr. Ulrich Volz, SOAS University of London, Director, Centre for Sustainable Finance and Professor of Economics [online] • Mr. Jean Pierre Marcelli, Southeast Asia Regional Director and Thailand Country Director, Agence Française de Développement [TBC] • Mr. Khim Fadané, Director of Department of Debt Management, Ministry of Economy and Finance, Cambodia [online] • Mr. Yeshi Lhendup, Senior Debt Analyst, Debt Management Division, Department of Macro-Fiscal and Development Finance, Ministry of Finance, Bhutan • Mr Pradana Murti, Director of PT SMI, Jakarta Indonesia • Ms. Urgamalsuvd Nanjid, Head of Monetary Policy and Forecasting Division, Monetary Policy Department, Bank of Mongolia • Ms. Ninjin Namkhajantsan, Senior Supervisor, Banking Policy Division, Banking Resolution and Policy Department, Bank of Mongolia • Mrs. R K Perera, Deputy Director, Macroprudential Surveillance Department, Central Bank of Sri Lanka [online] • Ms Deanna Morris, Economic Affairs Officer, ESCAP <p>Moderator: Dr. Diana Barrowclough, Senior Economic Affairs Officer, Division on Globalization and Development Strategies, UNCTAD</p> <p>Q&A</p>
14h40-15h00	Coffee Break

15h00-16h20	<p>Topic 2: Role of Public Development Banks, Multilateral Development Banks, Sovereign Wealth Funds and other DFIs in mobilizing finance for green and just transition</p> <ul style="list-style-type: none"> • Mrs. Supee Teravaninthorn, Special Advisor to Vice President of Operations, Asian Infrastructure Investment Bank • Mr. Anouj Mehta, Thailand Country Director, Asian Development Bank • Ms. Nigina Abdurakhmanova, Director, Agency of Securities and a Specialized Registration, Ministry of Finance of the Republic of Tajikistan • Dr. Karlos Moresi, Programme Adviser, Pacific Islands Forum Secretariat [online] • Mr. Rabi Rayamajhi, Nepal Country Representative, British International Investment • Ms Radhika Lal, SDG Finance Policy Advisor and Team Lead, UNDP • Ms. Lidy Nacpil, Coordinator, Asian Peoples' Movement on Debt and Development • Dr. Diana Barrowclough, Senior Economic Affairs Officer, Division on Globalization and Development Strategies, UNCTAD • Dr Pierre Horna, Economic Affairs Officer, ESCAP <p>Moderator: Ms Suba Sivakumaran, Chief of the Financing for Development Section, Macroeconomic Policy and Financing for Development Division, ESCAP</p> <p>Q&A</p>
16h20-16h30	<p>Closing session</p> <p>Ms Suba Sivakumaran, Chief of the Financing for Development Section, Macroeconomic Policy and Financing for Development Division, ESCAP</p>

Outcomes of the workshop

- Better understanding of the role of regional institutions and mechanisms, to support national, regional and global ambitions for a green and just transition.
- A workshop report – highlighting regional solutions and challenges.
- Identify 2-3 policy recommendations, supported by the participants.
- Outcomes and experiences to feed into design of ESCAP and UNCTAD research and technical assistance in the region.

Event details

- Event type: Workshop with 2 panel discussions
- Date: 31 October – Afternoon session
- Time: 4 hours
- Venue: Bangkok
- Audience: +/- 30 participants

Contacts

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